

SHORT-TERM DEBT IN CAPITAL STRUCTURE

	Company's Original Proposed (1)	Company's Proposed With Short- Term Debt
Rate Base	\$ 397,106,628	\$ 397,106,628
Rate Of Return On Rate Base	9.05%	7.10%
Return On Rate Base	35,938,149	28,210,096
Less:		
Weighted Interest Rate	2.85%	2.58%
Interest	11,317,539	10,253,986
Amortization of Deferred Income Taxes Deficiency	(263,604)	(263,604)
Amortization of Investment Tax Credit	373,740	373,740
Taxable Income Base	24,510,474	17,845,974
Taxable Income	40,329,863	29,364,005
Massachusetts State Franchise Tax	2,621,441	1,908,660
Federal Taxable Income	37,708,422	27,455,345
Federal Income Tax Calculated	13,197,948	9,609,371
Total Income Taxes Calculated	15,819,389	11,518,031
Amortization of Deferred Income Taxes Deficiency	263,604	263,604
Amortization of Investment Tax Credit	(373,740)	(373,740)
Total Income Taxes	<u>\$ 15,709,253</u>	<u>\$ 11,407,895</u>
 RETURN ON RATE BASE	 \$ 35,938,149	 \$ 28,210,096
TOTAL INCOME TAXES	<u>15,709,253</u>	<u>11,407,895</u>
 RETURN AND INCOME TAXES	 <u>\$ 51,647,402</u>	 <u>\$ 39,617,991</u>
 CHANGE IN RETURN AND INCOME TAXES		 <u>\$ 12,029,411</u>

	Test Year End Adjusted Balances (2)	Percent Of Total	Cost Rate (2)	Weighted Cost Rate
Short-Term Debt	\$ 153,211,853.92	28.03%	1.94%	0.54%
Long-Term Debt	178,500,000	32.65%	6.24%	2.04%
Common Equity	<u>214,940,703</u>	<u>39.32%</u>	11.50%	<u>4.52%</u>
TOTAL	<u>\$ 546,652,556.92</u>	<u>100.00%</u>		<u>7.10%</u>

(1) Exhibit BSG/JES-16, p. 8

(2) See Attachment 2

BAY STATE GAS D.T.E. 05-27
ATTACHMENT 2 RR-DTE-118

**SHORT-TERM DEBT IN
CAPITAL STRUCTURE**

	<u>Ending Balance (1)</u>	<u>Interest Expense (1)</u>	<u>Calculated Borrowing Rate</u>
Dec	\$ 192,359,039	\$ 297,409	
Jan	194,306,051	287,585	
Feb	214,612,093	281,926	
Mar	185,554,269	242,973	
Apr	175,594,727	236,362	
May	161,347,898	239,056	
Jun	165,163,764	172,682	
Jul	179,593,911	260,983	
Aug	179,315,657	327,159	
Sep	198,154,703	345,589	
Oct	203,004,560	436,568	
Nov	215,867,092	439,738	
Dec	157,592,189	347,226	
 Average Short-Term Debt	 \$ 186,343,535	 \$ 301,174	 <u>1.94%</u>
 Test Year Gas Cost (2)	 \$ 323,863,512		
 Lead Lag Factor (3)	 +37.34/365		
 Gas Cost Working Capital	 <u>33,131,681</u>		
 Average Test Year Short- Debt After Gas Cost Working Capital	 <u>\$ 153,211,854</u>		

- (1) Exhibit AG-1-6(3)
(2) Exhibit BGS/JES-1 Schedule JES-1
(3) Exhibit BSG/JES-2, Schedule WC-4